

**Farrell, Kaitie**

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**From:** Speer, R. Taylor <TSpeer@foxrothschild.com>  
**Sent:** Thursday, January 18, 2024 10:53 AM  
**To:** Clifford, Nicholas B.  
**Cc:** Feinstein, Marc; Farrell, Kaitie; Stutz, Kate; Pao, William K.  
**Subject:** RE: Blockquarry

[EXTERNAL MESSAGE]

Hi, Nicholas. In the interest of the parties' continued negotiations, I'm not responding to your email, substantively, but reserve the right to do so. Instead, I write to confirm your understanding that Blockquarry countered Bitmain's offer identified below. And I understand Bitmain may have already delivered its own counter, to which Blockquarry responded. This is a positive development; perhaps it will conclude with a transaction. Thank you and best regards,




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**R. Taylor Speer**

Counsel

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**From:** Clifford, Nicholas B. <Nicholas.Clifford@tuckerellis.com>  
**Sent:** January 16, 2024 3:28 PM  
**To:** Speer, R. Taylor <TSpeer@foxrothschild.com>  
**Cc:** Feinstein, Marc <mfeinstein@omm.com>; Farrell, Kaitie <kfarrell@omm.com>; Stutz, Kate <kstutz@omm.com>; Pao, William K. <wpao@omm.com>  
**Subject:** [EXT] RE: Blockquarry

Taylor,

Bitmain's inventory, which was attached to the Hardin Affidavit as Exhibit 1, was created by scanning the serial numbers of every machine that was present on the Gaffney BPW site at that time excluding machines at a repair center. According to Blockquarry's district court filing, the only "anomaly" between Bitmain's inventory and Blockquarry's inventory is that 310 of Bitmain's machines have now gone missing. Vaught Declaration, ¶ 7, Ex. 1. Blockquarry's district court filing additionally indicates that 310 of Bitmain's machines have gone missing because of the facility's failed security measures. See Bartch Declaration, ¶¶ 5-8. Under Section 7.6 of the Service Framework Agreement (the "Agreement"), Blockquarry is responsible for ensuring the security of the facility. Agreement ¶ 7.6

("Service Provider [Blockquarry] shall take all necessary measures to ensure safety and security of the Data Center Facility and the Hosted Servers against any damage, loss, or fire outbreak, etc."). Blockquarry has breached its obligations under the Agreement, and Bitmain reserves all rights to pursue legal remedies against Blockquarry for these missing machines.

Further, the fact that 310 of Bitmain's machines have gone missing because of Blockquarry's breach does not create an "anomaly" as to the ownership of Bitmain's machines. Blockquarry had, until very recently, never disputed the ownership of Bitmain's machines. See Blockquarry's Motion for Partial Default Judgment Against Defendant Litchain Corp., Dkt. No. 63, at ¶ 20 ("By its default, Litchain has admitted Plaintiff's [i.e., Blockquarry] allegation that there are no legitimate conflicting claims of ownership for personal property on the premises, including Plaintiff's Cryptocurrency Mining Equipment and the property for which Plaintiff serves as bailee."); fn.3 ("As alleged and is undisputed by the Utility, some of the personal property belongs to a third-party, which is Blockquarry's client...Blockquarry and the third-party will coordinate the return of this property to the third-party.").

Bitmain is suffering tens of thousands of dollars of damages each day that Blockquarry continues to improperly refuse to return Bitmain's machines, and Blockquarry and any persons acting in complicity with it are engaging in tortious conduct for which they are exposed to liability for actual and punitive damages.

Lastly, in answer to your question, Bitmain did not have any agreement with "Dao Blockchain" and has no familiarity with that entity.

Please be advised that Bitmain's final offer for sale of the machines to Blockquarry is \$5.2/T. Please have Blockquarry respond directly to Cecile Chen ([jjin.chen01@bitmain.com](mailto:jjin.chen01@bitmain.com)), Bitmain's sales manager for this potential transaction.

Regards,  
Nick

**Nicholas Clifford**

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**From:** Speer, R. Taylor <[TSpeer@foxrothschild.com](mailto:TSpeer@foxrothschild.com)>

**Sent:** Friday, January 12, 2024 9:06 PM

**To:** Clifford, Nicholas B. <[Nicholas.Clifford@tuckerellis.com](mailto:Nicholas.Clifford@tuckerellis.com)>

**Cc:** Feinstein, Marc <[mfeinstein@omm.com](mailto:mfeinstein@omm.com)>; Farrell, Kaitie <[kfarrell@omm.com](mailto:kfarrell@omm.com)>; Stutz, Kate <[kstutz@omm.com](mailto:kstutz@omm.com)>; Pao, William K. <[wpao@omm.com](mailto:wpao@omm.com)>

**Subject:** RE: Blockquarry

<<< EXTERNAL EMAIL >>>

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Nicholas, the delay is by Bitmain, not Blockquarry.

During our January 8 video call, Mr. Stenberg was clear—the miners aren't leaving the Crocker site until Bitmain proves ownership, and Bitmain hasn't provided a record evidencing the same except for a bogus inventory served long ago. The attached NEF relates to a district court filing made by Blockquarry this evening and provides additional context on Blockquarry's position. If you're unable to access the filing, I will provide it.

Finally, you should be aware Bitmain made another offer to Blockquarry for purchase of the machines. Blockquarry is pleased negotiations continue but won't pay for machines Bitmain isn't authorized to sell.

Did Bitmain have an unauthorized hosting agreement with 'Dao Blockchain' for Bitcoin mining on the Gaffney premises?

Best,




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**From:** Clifford, Nicholas B. <[Nicholas.Clifford@tuckerellis.com](mailto:Nicholas.Clifford@tuckerellis.com)>

**Sent:** January 11, 2024 12:21 PM

**To:** Speer, R. Taylor <[TSpeer@foxrothschild.com](mailto:TSpeer@foxrothschild.com)>

**Cc:** Feinstein, Marc <[mfeinstein@omm.com](mailto:mfeinstein@omm.com)>; Farrell, Kaitie <[kfarrell@omm.com](mailto:kfarrell@omm.com)>; Stutz, Kate <[kstutz@omm.com](mailto:kstutz@omm.com)>; Pao, William K. <[wpao@omm.com](mailto:wpao@omm.com)>

**Subject:** [EXT] Blockquarry

Taylor,

During our call on Monday, you indicated that on Tuesday, you would be providing Blockquarry's inventory of the Bitmain machines which had been moved from Gaffney, SC to Crocker, MO, along with a list of the machines that were missing. Also, you indicated that you intended to request certain information from Bitmain and would send a list of these requests with the other information.

It is now Thursday and we have not heard from you since Monday night.

Please provide us with this information by 5 pm CT today. Bitmain's patience with Blockquarry's delay tactics is at an end.

Please contact me by telephone today if we need to discuss anything.

Regards,  
Nick

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